

# ***City of Burden, Kansas***

## **Annual Financial Report**

***December 31, 2017***

### ***Governing Body***

Duane Lee Wingert Jr, Mayor  
Sherrie Conklin, President  
Chris Cannon  
Anthony Collins  
Leon Stovall  
Kyle Wham

### ***City Clerk***

Julia Loving

### ***City Treasurer***

Kayci Bowman

### ***Independent Auditor***

Kenneth L Cooper Jr CPA, Chtd  
Certified Public Accountants  
*Wellington, Kansas*

# ***City of Burden, Kansas***

*Year Ended December 31, 2017*

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**KENNETH L COOPER JR CPA, CHTD**  
***Certified Public Accountant***

Independent Auditors' Report

To the Honorable Mayor and City Council  
City of Burden  
Burden, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Burden, Kansas, (a Municipality) as of and for the year ended December 31, 2017 and the related notes to the financial statement.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Burden, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Burden, Kansas as of December 31, 2017, or changes in net position and, when applicable, cash flows thereof for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Burden, Kansas as of December 31, 2017, and the aggregate receipts and expenditures for the year ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the 2017 summary statement of receipts, expenditures, and unencumbered cash balances, regulatory basis (basic financial statement) as a whole. The summary of expenditures-actual and budget, regulatory basis; individual fund schedules of receipts and expenditures-actual and budget, regulatory basis; and schedule of summary receipts and disbursements-agency funds, regulatory basis (Schedules 1, 2, and 3 as listed in the table of contents) are presented for additional analysis and are not a required part of the 2017 basic financial statement; however are required to be presented under the provisions of the *Kansas Municipal Audit Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2016 Actual column presented in the individual fund schedules of receipts and expenditures-actual and budget, regulatory basis (Schedules 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2016 basic financial statement upon which we rendered an unqualified opinion dated July 26, 2017. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link: <http://da.ks.gov/ar/muniserv/>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement taken as a whole, on the basis of accounting described in Note 1.



Certified Public Accountants  
Wellington, Kansas  
September 19, 2018

***City of Burden, Kansas***  
**Summary Statement of Receipts, Expenditures and Unencumbered Cash**  
 Regulatory Basis  
*For the Year Ended December 31, 2017*

<u>Funds</u>	Beginning Unencumbered <u>Cash Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbrances and Accounts <u>Payable</u>	Ending <u>Cash Balance</u>
Governmental Type Funds							
General	\$ 8,662	\$ -	\$ 256,138	\$ 240,869	\$ 23,931	\$ 7,084	\$ 31,015
Special Purpose Funds							
Special Highway	8,104	-	16,614	19,550	5,168	-	5,168
Swimming Pool Res	-	-	9,418	-	9,418	-	9,418
Equipment Reserve	16,280	-	5,700	5,799	16,181	-	16,181
Park Equipment Reserve	(950)	-	1,367	-	417	-	417
Bond and Interest Funds							
Bond and Interest	-	-	12,811	12,811	-	-	-
Business Funds							
Water Utility	17,884	-	269,194	248,785	38,293	11,816	50,109
Sewer Utility	14,614	-	57,061	47,705	23,970	1,049	25,019
Trash Utility	1,588	-	48,530	45,968	4,150	3,445	7,595
Water Reserve	14,272	-	5,700	-	19,972	-	19,972
Sewer Reserve	11,779	-	5,700	-	17,479	-	17,479
Total Reporting Entity	<u>\$ 92,233</u>	<u>\$ -</u>	<u>\$ 688,233</u>	<u>\$ 621,487</u>	<u>\$ 158,979</u>	<u>\$ 23,394</u>	<u>\$ 182,372</u>

## Composition of Cash:

Checking Account, Emerald Bank	\$ 94,829
Money Market Account, Emerald Bank	88,540
Change Fund	100
Petty Cash Fund	25
Total cash	<u>\$ 183,494</u>
Agency Funds per Schedule 3	<u>(1,122)</u>
Total Reporting Entity	<u>\$ 182,372</u>

***City of Burden, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**1. Summary of Significant Accounting Policies**

**A. Municipal Financial Reporting entity**

The City of Burden, Kansas (“City”) is a municipal corporation operating under a Mayor-Council form of government. It provides the following services: Public Safety-Police, Highways and Streets, Public Improvements, Utilities-Water, Sewer, and Refuse, and General Administrative Services. This regulatory financial statement presents only the municipality with no related municipal entities.

**B. Regulatory Basis Fund Types**

General Fund--the chief operating fund of the City. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund—used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund—used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Fund—funds financed in whole or in part by fees charged to users of the goods or services (i.e. utility services and internal service funds).

Agency Fund—funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, etc.).

**C. Basis of Accounting**

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

***City of Burden, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**1. Summary of Significant Accounting Policies (continued)**

**D. Property taxes**

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid and unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

**E. Reimbursements**

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund.

**F. Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

***City of Burden, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**1. Summary of Significant Accounting Policies (continued)**

**F. Budgetary Information (continued)**

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds – Equipment Reserve Fund and Park Equipment Reserve Fund. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**2. Stewardship, Compliance and Accountability**

**A. Compliance With Finance-Related Legal and Contractual Provisions**

- Encumbrance Records and Record of Unencumbered Cash Balance K.S.A. 10-1117 requires the clerk to maintain a record of indebtedness or liabilities against each fund. This record can be used to prevent liabilities from exceeding the cash balances in each fund or expenditures from exceeding budget. A record of encumbrances or liabilities against each fund was not maintained, other than after the end of the year, for financial statement purposes. Consequently, the record required by K.S.A. 79-2934 showing the unencumbered budget balance of each fund was only maintained to the extent of cash disbursements made, and did not include liabilities incurred, except at year end.
- Treasurer's Fund Record K.S.A. 10-1118 requires that the treasurer of every municipality keep records to show the amount of money in each fund. The Clerk at the City of Burden maintains such records, but the Treasurer does not maintain independent fund records.

**B. Deficit Cash / Unencumbered Cash for Individual Funds**

- There were no funds with a negative unencumbered cash balance as of December 31, 2017.

**3. Deposits and Investments**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no investment policy that would further limit interest rate risk.



# City of Burden, Kansas

## Notes to Financial Statement

December 31, 2017

### 3. Deposits and Investments (continued)

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; US government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not designate any peak periods in 2017. All deposits were legally secured at December 31, 2017.

At December 31, 2017, the City's carrying amount of deposits was \$183,369 and the bank balance was \$183,690. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was under the \$250,000 coverage provided by the FDIC. The City owned no investments at December 31, 2017.

### 4. Long-term debt

Changes in long-term liabilities for the City for the year ended December 31, 2017 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>									
Series A 2002-Water System Bond	4.5%	6/18/2002	207,100	6/18/2042	\$ 170,468	\$ -	\$ 3,583	\$ 166,885	\$ 7,671
Series B 2002-Water System Bond	4.5%	6/18/2002	30,000	6/18/2042	23,064	-	519	22,545	1,038
<b>Total General Obligation Bonds</b>					<u>193,532</u>	<u>-</u>	<u>4,102</u>	<u>189,430</u>	<u>8,709</u>
<b>Capital Leases</b>									
Sharp Copier	7.89%	3/15/2015	4,064	6/20/2020	2,891.00	-	747	2,144	228
<b>Total Long Term Debt</b>					<u>\$ 196,423</u>	<u>\$ -</u>	<u>\$ 4,849</u>	<u>\$ 191,574</u>	<u>\$ 8,937</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2037	2038-2042	Total
<b>Principal</b>										
General obligation bonds	\$ 4,287	\$ 4,480	\$ 4,681	\$ 4,892	\$ 5,113	\$ 29,227	\$ 36,420	\$ 45,389	\$ 54,941	\$ 189,430
Capital leases	808	874	463	-	-	-	-	-	-	2,144
<b>Total Principal</b>	<u>\$ 5,095</u>	<u>\$ 5,354</u>	<u>\$ 5,144</u>	<u>\$ 4,892</u>	<u>\$ 5,113</u>	<u>\$ 29,227</u>	<u>\$ 36,420</u>	<u>\$ 45,389</u>	<u>\$ 54,941</u>	<u>\$ 191,574</u>
<b>Interest</b>										
General obligation bonds	\$ 8,525	\$ 8,332	\$ 8,130	\$ 7,919	\$ 7,699	\$ 34,831	\$ 27,636	\$ 18,669	\$ 7,575	\$ 129,315
Capital leases	140	74	11	-	-	-	-	-	-	225
<b>Total Interest</b>	<u>\$ 8,665</u>	<u>\$ 8,406</u>	<u>\$ 8,141</u>	<u>\$ 7,919</u>	<u>\$ 7,699</u>	<u>\$ 34,831</u>	<u>\$ 27,636</u>	<u>\$ 18,669</u>	<u>\$ 7,575</u>	<u>\$ 129,541</u>
<b>Total principal and interest</b>	<u>\$ 13,760</u>	<u>\$ 13,760</u>	<u>\$ 13,285</u>	<u>\$ 12,811</u>	<u>\$ 12,812</u>	<u>\$ 64,058</u>	<u>\$ 64,056</u>	<u>\$ 64,058</u>	<u>\$ 62,516</u>	<u>\$ 321,115</u>

**City of Burden, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**5. Capital project funds**

The City had no capital project funds during 2017.

**6. Claims and Judgments**

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2016 to 2017 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

**7. Interfund transfers and other interfund activity**

The following is a schedule of interfund operating transfers made in 2016:

<b>From:</b>	<b>To:</b>	<b>Amount</b>	<b>Regulatory Authority</b>
General	Equipment Reserve	\$ 5,700	K.S.A. 12-1,117
General	Swimming Pool Reserve	\$ 147	
Water Utility	Bond & Interest	12,811	K.S.A. 12-825d
Water Utility	Water Reserve	5,700	K.S.A. 12-1,117
Sewer Utility	Sewer Reserve	5,700	K.S.A. 12-1,117
		<u>\$ 30,058</u>	

**8. Other Long-Term Obligations from Operations**

**A. Post-Employment Health Care Benefits**

The City maintains a group health insurance plan for its employees but not for its retirees, nor does it have any other post-employment benefits.

**B. Compensated absences**

The City's policies regarding vacations permit full-time employees to accrue vacation at the rate of five days after one year of service, ten days after three years of service and fifteen days after five years of service, accruing on each employee's employment anniversary date. The maximum number of vacation hours that may be

# ***City of Burden, Kansas***

## **Notes to Financial Statement**

*December 31, 2017*

### **B. Compensated absences (continued)**

accumulated is twenty days. Upon separation from employment, the City shall compensate the employee for up to fifteen days of vacation hours earned. Employees earn one working day of sick/personal leave for each full month of employment. Each employee may accumulate a maximum of forty days, and no sick/personal leave is paid upon termination of employment.

## **9. Defined Contribution Pension Plan**

### **General Information about the Pension Plan**

*Plan description* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 79-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 19.03% for KP&F for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$10,425 for KPERS, and \$6,158 for KP&F for the year ended December 31, 2017, and \$11,360 for KPERS and \$6,534 for KP&F for the year ended December 31, 2016.

### **Net Pension Liability**

At December 31, 2017, the City of Burden's proportionate share of the collective net pension liability reported by KPERS was \$85,459, and by KP&F was \$60,047. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City of Burden's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup with KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

***City of Burden, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**10. Contingencies**

Grant Program Involvement

The City participates in various federal or state grant programs from year to year on an intermittent basis. The programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**11. Subsequent Events**

The City has been directed by Kansas Department of Health and Environment to address their sewer lagoons due to unacceptable discharge levels. During 2017 The City secured funding through a Community Development Block Grant and a loan from the States Revolving Loan Fund to fund the project 50/50. This project will add a wetland cell and overhaul the existing lagoons to the amount of \$614,200. No bonds are to be issued.

Management has evaluated the effects on the financial statement of subsequent events occurring through September 19, 2018, which is the date at which the financial statement was available to be issued.

***City of Burden, Kansas***  
**Summary of Expenditures - Actual and Budget**  
 Regulatory Basis  
*(Budgeted Funds Only)*  
 For the Year Ended December 31, 2017

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable/ (Unfavorable)</u>
Governmental Type Funds					
General	\$ 260,389	\$ -	\$ 260,389	\$ 240,869	\$ 19,520
Special Purpose Funds					
Special Highway	20,933	-	20,933	19,550	1,383
Bond and Interest Funds					
Bond & Interest	12,811	-	12,811	12,811	-
Business Funds					
Water Utility	271,856	-	271,856	248,785	23,071
Sewer Utility	54,024	-	54,024	47,705	6,319
Trash Utility	48,204	-	48,204	45,968	2,236
Water Reserve	28,000	-	28,000	-	28,000
Sewer Reserve	18,805	-	18,805	-	18,805
Total primary government	<u>\$ 715,022</u>	<u>\$ -</u>	<u>\$ 715,022</u>	<u>\$ 615,688</u>	<u>\$ 99,334</u>

***City of Burden, Kansas***  
**General Fund**  
**Schedule of Receipts and Expenditures - Actual and Budget**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Receipts:</u>				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 118,523	\$ 120,096	\$ 129,461	\$ (9,365)
Delinquent Tax	8,188	6,851	5,000	1,851
Motor Vehicle Tax	24,422	24,546	23,725	821
Recreation Vehicle Tax & 16/20 Tax	525	660	703	(43)
Com Vehicle Tax	315	854	-	854
Watercraft Tax	-	-	-	-
Local Sales Tax	31,209	32,212	30,000	2,212
Franchise Fees	50,232	54,328	48,000	6,328
Licenses, Fines, and Permits				
Licenses and Permits	1,887	2,571	2,000	571
Fines and Court Fees	2,393	2,922	2,000	922
Interest Earnings	194	201	200	1
Other Revenues				
Gifts and Donations	2,799	479	250	229
Reimbursed Expense	2,653	1,741	5,000	(3,259)
Swimming Pool Reciepts	3,539	3,775	3,000	775
Sales and Service	200	50	-	50
Insurance Proceeds	-	4,456	-	4,456
Grants	-	336	-	336
Miscellaneous	55	60	100	(40)
Operating Transfers In				
Transfer from Trail Grant Fund	-	-	-	-
Transfer from Water Fund	-	-	-	-
Total Receipts	<u>\$ 247,134</u>	<u>\$ 256,138</u>	<u>\$ 249,439</u>	<u>\$ 6,699</u>

***City of Burden, Kansas***  
**General Fund**  
**Schedule of Receipts and Expenditures - Actual and Budget**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

<u>Expenditures</u>	2017			
	2016 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance- Favorable/ (Unfavorable)
General Government				
Personal services	\$ 65,092	\$ 59,463	\$ 64,000	\$ 4,537
Contractual services	56,952	57,662	58,000	338
Materials & supplies	9,344	11,195	11,000	(195)
Capital outlay	-	3,677	12,801	9,124
Other	2,063	3,698	2,948	(750)
Total General Government	<u>\$ 133,451</u>	<u>\$ 135,695</u>	<u>\$ 148,749</u>	<u>\$ 13,054</u>
Police Department				
Personal services	\$ 44,862	\$ 45,734	\$ 50,000	\$ 4,266
Contractual services	1,405	2,166	2,000	(166)
Materials & supplies	4,344	2,933	5,000	2,067
Capital outlay	-	-	500	500
Other	-	-	-	-
Total Police Department	<u>\$ 50,611</u>	<u>\$ 50,833</u>	<u>\$ 57,500</u>	<u>\$ 6,667</u>
Street Department				
Contractual (electric utility)	\$ 16,775	\$ 15,671	\$ 14,000	\$ (1,671)
Materials and supplies	323	-	5,000	5,000
Total Street Department	<u>\$ 17,098</u>	<u>\$ 15,671</u>	<u>\$ 19,000</u>	<u>\$ 3,329</u>
Parks Department				
Contractual services	\$ 6,593	\$ 5,110	\$ 1,500	\$ (3,610)
Materials & supplies	1,590	669	1,000	331
Other	-	-	-	-
Capital outlay	-	-	-	-
Total Parks Department	<u>\$ 8,183</u>	<u>\$ 5,779</u>	<u>\$ 2,500</u>	<u>\$ (3,279)</u>
Swimming Pool				
Personal services	\$ 22,145	\$ 20,215	\$ 20,000	\$ (215)
Contractual services	3,110	3,190	3,100	(90)
Materials & supplies	3,783	3,449	3,500	51
Capital outlay	-	-	-	-
Other	40	190	40	(150)
Total Swimming Pool	<u>\$ 29,078</u>	<u>\$ 27,044</u>	<u>\$ 26,640</u>	<u>\$ (404)</u>
Operating Transfers				
To Equipment Reserve	\$ 6,000	\$ 5,700	\$ 6,000	\$ 300
To Other Funds	-	147	-	(147)
Total Operating Transfers	<u>\$ 6,000</u>	<u>\$ 5,847</u>	<u>\$ 6,000</u>	<u>\$ 153</u>
Total Expenditures	<u>\$ 244,421</u>	<u>\$ 240,869</u>	<u>\$ 260,389</u>	<u>\$ 19,520</u>
Receipts Over (Under) Expenditures	\$ 2,713	\$ 15,269		
Unencumbered Cash, Beginning	5,949	8,662		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 8,662</u>	<u>\$ 23,931</u>		

***City of Burden, Kansas***  
**Special Purpose Fund**  
**Special Highway**  
**Schedule of Receipts and Expenditures - Actual and Budget**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		<u>2017</u>		
	2016			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/ (Unfavorable)
<u>Receipts</u>				
Taxes and Shared Revenue				
Motor Fuels Tax-State	\$ 14,181	\$ 14,211	\$ 13,910	\$ 301
Motor Fuels Tax-County	<u>2,379</u>	<u>2,403</u>	<u>2,070</u>	<u>333</u>
Total Receipts	<u>\$ 16,560</u>	<u>\$ 16,614</u>	<u>\$ 15,980</u>	<u>\$ 634</u>
<u>Expenditures</u>				
Contractual services	\$ 1,405	\$ 940	\$ 1,000	\$ 60
Materials and Supplies	<u>11,963</u>	<u>18,610</u>	<u>19,933</u>	<u>1,323</u>
Total Expenditures	<u>\$ 13,368</u>	<u>\$ 19,550</u>	<u>\$ 20,933</u>	<u>\$ 1,383</u>
Receipts Over (Under) Expenditures	\$ 3,192	\$ (2,936)		
Unencumbered Cash, Beginning	4,912	8,104		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 8,104</u>	<u>\$ 5,168</u>		



***City of Burden, Kansas***  
**Special Purpose Fund**  
**Swimming Pool Reserve**  
**Schedule of Receipts and Expenditures - Actual**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Grants	\$ -	\$ 1,000
Gifts & Donations	-	8,271
Operating Transfer from General Fund	-	147
Total Receipts	<u>\$ -</u>	<u>\$ 9,418</u>
<u>Expenditures</u>		
Expense	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ -	\$ 9,418
Unencumbered Cash, Beginning	-	-
Prior Year Cancelled Encumbrances	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 9,418</u>

***City of Burden, Kansas***  
**Special Purpose Fund**  
**Equipment Reserve**  
**Schedule of Receipts and Expenditures - Actual**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Reimbursements	\$ -	\$ -
Sales and Service	-	-
Operating Transfer from General Fund	<u>6,000</u>	<u>5,700</u>
Total Receipts	<u>\$ 6,000</u>	<u>\$ 5,700</u>
<u>Expenditures</u>		
Equipment Purchased	<u>\$ -</u>	<u>\$ 5,799</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 5,799</u>
Receipts Over (Under) Expenditures	\$ 6,000	\$ (99)
Unencumbered Cash, Beginning	10,280	16,280
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 16,280</u>	<u>\$ 16,181</u>

***City of Burden, Kansas***  
**Special Purpose Fund**  
**Park Equipment Reserve**  
**Schedule of Receipts and Expenditures - Actual**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017 <u>Actual</u>
<u>Receipts</u>		
Gifts and Donations	\$ 132,684	\$ 415
Grants	-	952
Operating Transfer from General Fund	<u>9</u>	<u>-</u>
Total Receipts	<u>\$ 132,693</u>	<u>\$ 1,367</u>
<u>Expenditures</u>		
Contractual	\$ 6,326	\$ -
Capital Outlay	<u>133,636</u>	<u>-</u>
Total Expenditures	<u>\$ 139,962</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (7,269)	\$ 1,367
Unencumbered Cash, Beginning	6,319	(950)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ (950)</u>	<u>\$ 417</u>

*Note: This fund was not in violation of the cash basis law,  
as federal grant funds were receivable at 12/31/16.*

***City of Burden, Kansas***  
**Bond and Interest Fund**  
**Bond and Interest**  
**Schedule of Receipts and Expenditures - Actual and Budget**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/ (Unfavorable)
<u>Receipts</u>				
Operating Transfer from Water Fund	\$ 12,812	\$ 12,811	\$ 12,812	\$ (1)
Total Receipts	\$ 12,812	\$ 12,811	\$ 12,812	\$ 1
<u>Expenditures</u>				
Principal	\$ 3,926	\$ 4,102	\$ 4,102	\$ -
Interest	8,886	8,709	8,709	-
Total Expenditures	\$ 12,812	\$ 12,811	\$ 12,811	\$ -
Receipts Over (Under) Expenditures	\$ -	\$ -		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**City of Burden, Kansas****Business Fund****Water Utility****Schedule of Receipts and Expenditures - Actual and Budget**

Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/ (Unfavorable)
<u>Receipts</u>				
Charges for services	\$ 130,208	\$ 162,757	\$ 150,000	\$ 12,757
Utility Hookup Fees	675	670	700	(30)
Late Charges	4,091	4,821	3,500	1,321
RWD Sales	97,130	100,946	110,000	(9,054)
Other	-	-	-	-
Total Receipts	<u>\$ 232,104</u>	<u>\$ 269,194</u>	<u>\$ 264,200</u>	<u>\$ 4,994</u>
<u>Expenditures</u>				
Personal Services	\$ 61,327	\$ 59,741	\$ 63,000	\$ 3,259
Contractual Services	10,002	11,154	12,000	846
Materials and Supplies	5,696	8,128	12,000	3,872
Capital Outlay	159	250	10,045	9,795
Purchased Water	142,209	150,178	155,000	4,822
Other	782	823	1,000	177
Operating Transfers:				
To Bond and Interest	12,812	12,811	12,811	-
To General Fund	-	-	-	-
To Water Reserve	<u>6,000</u>	<u>5,700</u>	<u>6,000</u>	<u>300</u>
Total Expenditures	<u>\$ 238,987</u>	<u>\$ 248,785</u>	<u>\$ 271,856</u>	<u>\$ 23,071</u>
Receipts Over (Under) Expenditures	\$ (6,883)	\$ 20,409		
Unencumbered Cash, Beginning	24,767	17,884		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 17,884</u>	<u>\$ 38,293</u>		

***City of Burden, Kansas***  
**Business Fund**  
**Sewer Utility**  
**Schedule of Receipts and Expenditures - Actual and Budget**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		<u>2017</u>		
	2016			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/ (Unfavorable)
<u>Receipts</u>				
Sales of Service	\$ 43,980	\$ 48,285	\$ 47,000	\$ 1,285
Sewer Hookup	275	220	280	(60)
Late Charges	<u>3,891</u>	<u>8,556</u>	<u>-</u>	<u>8,556</u>
Total Receipts	<u>\$ 48,146</u>	<u>\$ 57,061</u>	<u>\$ 47,280</u>	<u>\$ 9,781</u>
<u>Expenditures</u>				
Personal Services	\$ 22,495	\$ 21,715	\$ 25,000	\$ 3,285
Contractual Services	8,357	17,245	13,500	(3,745)
Materials and Supplies	3,253	3,045	3,000	(45)
Capital Outlay	-	-	6,524	6,524
Other	-	-	-	-
Transfer to Sewer Reserve	<u>6,000</u>	<u>5,700</u>	<u>6,000</u>	<u>300</u>
Total Expenditures	<u>\$ 40,105</u>	<u>\$ 47,705</u>	<u>\$ 54,024</u>	<u>\$ 6,319</u>
Receipts Over (Under) Expenditures	\$ 8,041	\$ 9,356		
Unencumbered Cash, Beginning	6,573	14,614		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 14,614</u>	<u>\$ 23,970</u>		

***City of Burden, Kansas***  
**Business Fund**  
**Trash Utility**  
**Schedule of Receipts and Expenditures - Actual and Budget**  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		<u>2017</u>		Variance-
	2016			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Receipts</u>				
Charges for Services	\$ 45,545	\$ 48,530	\$ 47,000	\$ 1,530
Total Receipts	<u>\$ 45,545</u>	<u>\$ 48,530</u>	<u>\$ 47,000</u>	<u>\$ 1,530</u>
<u>Expenditures</u>				
Personal Services	\$ 3,372	\$ 4,284	\$ 4,500	\$ 216
Contractual Services	40,284	40,321	41,000	679
Materials and Supplies	1,005	1,363	2,704	1,341
Capital Outlay	-	-	-	-
Total Expenditures	<u>\$ 44,661</u>	<u>\$ 45,968</u>	<u>\$ 48,204</u>	<u>\$ 2,236</u>
Receipts Over (Under) Expenditures	\$ 884	\$ 2,562		
Unencumbered Cash, Beginning	704	1,588		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 1,588</u>	<u>\$ 4,150</u>		

***City of Burden, Kansas***  
**Business Fund**  
**Water Reserve**  
**Schedule of Receipts and Expenditures - Actual**  
Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		<u>2017</u>		Variance
	2016			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Receipts</u>				
Operating Transfer from Water Utility Fund	\$ 6,000	\$ 5,700	\$ 6,000	\$ (300)
Total Receipts	<u>\$ 6,000</u>	<u>\$ 5,700</u>	<u>\$ 6,000</u>	<u>\$ (300)</u>
<u>Expenditures</u>				
Capital Outlay	\$ 14,728	\$ -	\$ 28,000	\$ 28,000
Total Expenditures	<u>\$ 14,728</u>	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ 28,000</u>
Receipts Over (Under) Expenditures	\$ (8,728)	\$ 5,700		
Unencumbered Cash, Beginning	23,000	\$ 14,272		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 14,272</u>	<u>\$ 19,972</u>		



**City of Burden, Kansas****Business Fund****Sewer Reserve****Schedule of Receipts and Expenditures - Actual**

Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance-
	2016			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Receipts</u>				
Operating Transfer from Sewer Utility Fund	\$ 6,000	\$ 5,700	\$ 6,000	\$ (300)
Reimbursements	<u>4,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>\$ 10,950</u>	<u>\$ 5,700</u>	<u>\$ 6,000</u>	<u>\$ (300)</u>
<u>Expenditures</u>				
Contractual Services	\$ -	\$ -	\$ -	\$ -
Materials and Supplies	-	-	-	-
Capital Outlay	<u>7,026</u>	<u>-</u>	<u>18,805</u>	<u>18,805</u>
Total Expenditures	<u>\$ 7,026</u>	<u>\$ -</u>	<u>\$ 18,805</u>	<u>\$ 18,805</u>
Receipts Over (Under) Expenditures	\$ 3,924	\$ 5,700		
Unencumbered Cash, Beginning	7,855	11,779		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 11,779</u>	<u>\$ 17,479</u>		

***City of Burden, Kansas***  
**Agency Funds**  
**Schedule of Regulatory Basis Receipts and Disbursements**  
*For the Year Ended December 31, 2017*

<u>Funds</u>	Beginning <u>Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending <u>Cash Balance</u>
Payroll Clearing	\$ -	\$ 195,296	\$ 195,167	\$ 129
Sales Tax Clearing	156	703	696	163
Deposit Clearing	1,121	4,154	4,446	829
Penalty Clearing	-	4,821	4,821	-
Total Agency Funds	<u>\$ 1,277</u>	<u>\$ 204,975</u>	<u>\$ 205,130</u>	<u>\$ 1,122</u>